

Article - Real Property

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§10–604.

(a) (1) Except for coverage excluded under paragraph (2) of this subsection, a new home warranty provided under a new home warranty security plan shall warrant at a minimum that:

(i) For 1 year, beginning on the warranty date, the new home is free from any defects in materials and workmanship;

(ii) For 2 years, beginning on the warranty date, the new home is free from any defect in the electrical, plumbing, heating, cooling, and ventilating systems, except that in the case of appliances, fixtures and items of equipment, the warranty may not exceed the length and scope of the warranty offered by the manufacturer; and

(iii) For 5 years, beginning on the warranty date, the new home is free from any structural defect.

(2) A new home warranty provided under a new home warranty security plan may exclude the following:

(i) Damage to real property that is not part of the home covered by the warranty or that is not included in the purchase price of the home;

(ii) Bodily injury or damage to personal property;

(iii) Any defect in materials supplied or work performed by anyone other than the builder or the builder's employees, agents, or subcontractors;

(iv) Any damage that the owner has not taken timely action to minimize or for which the owner has failed to provide timely notice to the builder;

(v) Normal wear and tear or normal deterioration;

(vi) Insect damage, except where the builder has failed to use proper materials or construction methods designed to prevent insect infestation;

(vii) Any loss or damage that arises while the home is being used primarily for nonresidential purposes;

(viii) Any damage to the extent it is caused or made worse by negligence, improper maintenance or improper operations by anyone other than the builder or its employees, agents, or subcontractors;

(ix) Any damage to the extent it is caused or made worse by changes of the grading of the ground by anyone other than the builder, its employees, agents, or subcontractors; and

(x) Any loss or damage caused by acts of God.

(b) A builder who has disclosed that the builder participates in a new home warranty security plan shall:

(1) Furnish to the owner at the time of the purchase or construction contract:

(i) The name and phone number of the builder's new home warranty security plan;

(ii) Details of the warranty coverage provided under the plan;
and

(iii) In a form to be determined by the Division, evidence that:

1. The builder currently is a participant in good standing with a plan that satisfies the requirements of § 10-606(a) of this subtitle; and

2. The new home is eligible for registration or has been registered in the builder's new home warranty security plan;

(2) Disclose to the owner at the time of the purchase or construction contract:

(i) Any actual knowledge that the builder has of any hazardous or regulated materials, including asbestos, lead-based paint, radon, methane, underground storage tanks, licensed landfills, unlicensed landfills, licensed rubble fills, unlicensed rubble fills, or other environmental hazards, present on the site of the new home; or

(ii) That the builder is making no representations or warranties as to whether there is any hazardous or regulated material on the site of the new home; and

(3) Either:

(i) Provide the new home with a new home warranty if the builder belongs to a new home warranty security plan that:

1. Requires the builder to register every new home that the builder builds; or

2. Does not require the builder to register every new home but the builder has decided to sell the new home with a new home warranty; or

(ii) If the builder belongs to a new home warranty security plan that does not require the builder to register every new home and the builder has not decided whether or not to sell the new home with a new home warranty, give the owner the option of:

1. Purchasing the new home with the new home warranty provided by the builder's new home warranty security plan; or

2. Waiving the right to warranty coverage by making the affirmative waiver described in § 10-607 of this subtitle.

(c) (1) If the purchase or construction contract provides that the new home shall be covered by a new home warranty under a new home warranty security plan it shall constitute a material breach of the contract if either:

(i) The builder was not a participant in good standing on the date of the contract with a new home warranty security plan that satisfies the requirements of § 10-606(a) of this subtitle; or

(ii) The new home has not been registered in the plan on or before the warranty date.

(2) If there has been a material breach of the contract, the owner shall be entitled to whatever remedies are provided by law including, but not limited to:

(i) Rescission of the contract; and

(ii) Except in the case of a construction contract for a new home built on the owner's property, a refund of any money paid to the builder for the new home.

(d) (1) The builder shall notify the new home warranty security plan of each new home being constructed by the builder on the earlier of the date of the purchase or construction contract or the start of construction of the new home.

(2) Upon receipt of notification by the builder as required in paragraph (1) of this subsection, the new home shall be eligible for registration in the builder's new home warranty security plan.

(e) (1) Upon registration of the new home in the new home warranty security plan, warranty coverage which has not been waived by the owner shall be provided beginning on the warranty date for the new home constructed by the builder, provided that the builder was in good standing with the new home warranty security plan at the time of the contract.

(2) On the warranty date, the builder shall provide the owner with evidence, in a form approved by the Division that the new home is covered by a new home warranty that meets the requirements of this subtitle.

(3) Within 60 days from the warranty date, the builder's new home warranty security plan shall provide the owner with validated new home warranty documents.

(f) A new home warranty shall benefit any successor in title to the owner who occupies the home for residential purposes during the warranty period.

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